U S WEST, Inc.
Suite 700
1020 Nineteenth Street, NW
Washington, DC 20036
202 429-0303

ORIGINAL

U S WEST

September 8, 1999

EX PARTE OR LATE FILED

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 – 12th Street, SW, TWA-325
Washington, DC 20554

RE: CC Docket No. 96-98

Dear Ms. Salas:

Today, Robert McKenna and the undersigned, representing U S WEST, met with the Common Carrier's Legal Advisors to the Chairman and the Commissioners including Linda Kinney, Bill Bailey, Kyle Dixon and Dorothy Attwood to discuss the above-referenced proceeding. Attached is a copy of the material distributed at the meeting and used as the basis of the discussion.

In accordance with Section 1.1206(b)(2) of the Commission's rules, an original and one copy of this letter and the attachment are being filed with your office for inclusion in the public record of this proceeding.

Acknowledgment and date of receipt of this submission are requested. A duplicate letter is attached for this purpose.

Please call if you have any questions.

Sincerely,

Melissa Newman

Attachment
Copy w/ Attachment:
Ms. Dorothy Attwood
Mr. Bill Bailey
Mr. Kyle Dixon
Ms. Linda Kinney
Common Carrier Legal Advisors
to the Chairman and the Commissioners

THE UNE REMAND PROCEEDING

CC Docket 96-98

U S WEST

September 8, 1999

THE STANDARD FOR IMPAIRMENT

- U S WEST's impairment test: *Failure to provide access to an incumbent's network element "impairs" an entrant's ability to provide service when the element (or a functional substitute) is unavailable from other sources or is available from such sources only at prices or on terms that would preclude meaningful opportunities for competitive entry by an efficient competitor.*

- The impairment test should be based on whether an efficient competitor needs an element, not a "least common denominator" approach under which an element must be unbundled as long as an inefficient competitor or one with a specialized business plan needs an ILEC network element to make that particular business strategy profitable. The standard must be an objective one, focusing on whether unbundling would further the development of competition and promote consumer welfare.

- The Commission should tailor unbundling requirements so that they apply if and only if there is a demonstrated competition-related need for such sharing.

- The use of presumptions provides an administrable way for the Commission to tailor unbundling obligations to variations in local markets and fashion a precise unbundling regime without the administrative costs and delays arising from individualized analyses.

- Such presumptions would build into the Commission's unbundling regime a self-executing, dynamic flexibility because unbundling obligations would change without Commission intervention as competition evolves throughout the nation.

STATE OF THE INDUSTRY -- SWITCHING

- Large business customers have a wide variety of competitive choices in telecommunications.

- Any rule based on technology is subject to obsolescence and technology changes.

- CLECs have deployed over 700 traditional voice switches in numerous different local markets since the Telecommunications Act became effective.

- These switches serve more than one third of all BOC and GTE rate centers and could be expanded to serve many more.

- In 25 of the largest 30 MSAs, CLEC switches serve 70 percent or more of all rate exchange areas.

- In U S WEST's territory, CLECs have placed a total of 43 switches in Phoenix, Minneapolis-St. Paul, Seattle-Tacoma, Denver-Boulder and Salt Lake City (these are the U S WEST cities in the top 50 MSAs).

- Advances in switch technologies make it possible to serve larger geographic areas than with previous technology. Switches are scalable, and as such the costs associated with installing a switch can be mitigated by starting small and expanding.

- The U S WEST proposal is limited to precisely those markets where CLECs have deployed their own switches. It exempts from unbundling only those ILEC switches within 50 miles of one or more CLEC switches. Therefore, where no CLEC has deployed a switch, U S WEST's proposal would require the continued unbundling of ILEC switching.

U S WEST's switching proposal: *The presumption shall be that an incumbent LEC must provide unbundled access to a circuit switch only if no CLEC has deployed, within 50 miles of that switch, either a circuit switch or a packet switch that is being used to provide voice services. Where one or more CLECs has deployed such a switch within 50 miles of the incumbent LEC switch, the presumption shall be that unbundling is not required.*

UNBUNDLING LOCAL SWITCHING

- Additional questions have been raised about whether an impairment exists for switching "above the DS1 level.".

- A proposal that unbundling would not be required for switching at the DS1 or above level in the top 50 MSAs does not provide meaningful relief..

  - U S WEST has five metropolitan areas in the country's top 50 MSAs—Phoenix, Minneapolis-St. Paul, Seattle-Tacoma, Denver-Boulder and Salt Lake City. U S WEST has deployed a total of 324 end office switches in these MSAs (out of a total of 1581 end office switches deployed within the U S WEST region).

  - **Of these 324 switches, less than 1 percent of the lines coming into the switch are at the DS1 or higher level.**

  - To the extent that the Commission believes that no impairment exists for CLECs serving business customers, the proposal does not achieve that end.

  - In U S WEST's five metropolitan areas in the top 50 MSAs, competitors have deployed a total of 43 switches. Given advances in switch technology which make it possible to serve larger areas with a single switch, competitors in these MSAs are amassing switching capacity which is beginning to rival U S WEST's embedded switching capacity. This is especially true in the provision of service to large businesses, the primary (or sole) target of these CLECs.

  - In these five areas, it is simply impossible for unbundled local switching, as a mandated unbundled network element, to meet the impairment test of Section 251(d)(2) of the Act.

- The U S WEST presumption—that switching be presumed to be competitive in any wire center within 50 miles of a CLEC switch—is a far more reasonable, rational and lawful approach to unbundled switching than would be one based on switching at the DS1 level.

TRANSPORT

- A number of parties have raised the question of whether an ILEC could lawfully restrict the use of local transport purchased by a CLEC as a UNE, and prohibit the ILEC from using the UNE as a substitute for tariffed interstate or intrastate special access services.

- As the FCC is obligated under the Supreme Court's ruling to conduct a "necessary and impair" analysis with respect to transport and determine whether alternatives to the unbundled element exist, the FCC must determine whether ILEC special access services and unbundled local transport are direct substitutes for one another .

- In at least some circumstances, they are. Indeed, the facilities used to provide special access services and transport are often identical. It seems self evident that a CLEC which desired a regulatory decision mandating "unbundled local transport" could not sustain such a position if the same facility/function was available in the same location as special access. The CLEC simply could not demonstrate that its ability to compete would be "impaired" if the desired UNE were not unbundled—precisely the same functionality would be available pursuant to tariff. The "impairment" test of Section 251(d)(2) of the Act would not be met.

- U S WEST recognizes that the Commission addressed this issue in the *First Report and Order* in its Local Competition Proceeding. In the *First Report and Order*, in the section dealing with the interpretation of the "necessary" and "impair" standards of Section 251(d)(2) of the Act, the Commission held that: "We also reject the related interpretations that carriers are not impaired in their ability to provide a service if they can obtain elements from another source, or if they can provide the proposed service by purchasing the service at wholesale rates from a LEC." Local Competition Order, paragraph 286.

- U S WEST believes that the entire analysis upon which this conclusion was based—the Commission's conclusion that an element could be subject to mandatory unbundling if failure to provide the element "would decrease the quality, or increase the financial or administrative cost of the service a requesting carrier seeks to offer, . . ." was rejected by the Supreme Court in *Iowa Utilities Board.* We submit that the Commission's 1996 analysis in the *Local Competition Order* of the relevance of tariffed services in conducting a proper impairment analysis under Section 251(d)(2) is simply no longer valid precedent. As the underpinnings for this analysis were vacated by the Supreme Court, the conclusions cannot stand—at least without significant further analysis on the record in this or another proceeding.

- While it is true that CLECs would not be guaranteed that special access would be priced at TELRIC rates, there is nothing in Section 251(d)(2) which says that the Commission may conclude that the ability of a CLEC to provide service would be impaired if TELRIC-based pricing were not available.

- U S WEST's proposal for transport: *The presumption shall be that an incumbent LEC must provide unbundled access to its interoffice transmission facilities running to or from wire centers that either serve 20,000 or fewer local loops or have no collocated CLECs. Where a wire center serves more than 20,000 local loops and has at least one collocated CLEC, the presumption shall be that unbundling of interoffice transmission facilities is not required.*

    - Data compiled by U S WEST show that competitive fiber is available in at least 74 percent of its wire centers that have (1) more than 20,000 loops, and (2) at least one collocated CLEC. Under U S WEST's proposal for unbundling, only 16 percent of wire centers would be free of unbundling obligations.

UNBUNDLED TRANSPORT—FURTHER ANALYSIS

As the UNE remand proceeding draws to its conclusion, it is becoming obvious that several at the FCC are proposing to embark on a course of action on unbundled local transport which would be at direct odds with the Supreme Court's *Iowa Utilities Board* decision. Namely, as we understand it, there is a possibility that the new rules would reflect an analysis of the Act's "necessary" and "impair" tests which did not include proper calculation of the existence of special access and other private line services as a substitute for unbundled local transport. This approach would be directly inconsistent with the Supreme Court's interpretation of the Act.

Stated simply, in those instances where special access or private line services are available which provide the same or essentially the same functionality as the unbundled local transport UNE, a practically irrebuttable presumption must arise that the impairment test cannot be met for local transport in that area.

PRIOR COMMISSION RATIONALE FOR UNBUNDLED TRANSPORT

The Commission had already considered this issue in a cursory fashion in the First Report and Order. The analysis in the First Report and Order demonstrates the fundamental correctness of the position espoused herein.

First, the First Report and Order found that the availability of services at "wholesale rates" was not a relevant consideration under the "impairment" test. Paragraph 286. But the FCC's reasoning here was that such consideration was not required because "section 251(c)(3) imposes on incumbent LECs the obligation to offer on an unbundled basis all network elements for which it is technically feasible to provide access." This of course is precisely the reasoning which the Supreme Court found countermanded the Act itself, and the fact that the FCC's decision was based directly on concededly flawed reasoning itself dictates that the decision cannot stand.

Second, when faced with the specific claim that tariffed special access and transport services filed under the expanded interconnection rules should be considered under the impairment test, the FCC's reasoning in rejecting the claim was again based on misperceptions of the impairment language in Section 251(d)(2) which were fundamental. The FCC reasoned (in paragraph 448):

- That the expanded interconnection rules applied only to Class A carriers, while the Section 251(c)(3) unbundling requirements applied to all carriers.
- That the expanded interconnection rules were jurisdictionally interstate only, and Section 251(c)(3) applied to intrastate as well as interstate interconnection. In the words of the Commission: "As such, existing federal tariffs for transport and special access exclude intrastate transport, and therefore are not the equivalent to unbundled interoffice facilities, which we have determined to be nonjurisdictional in nature." Paragraph 448.

This analysis completely misses the point of Section 251(d)(2), at least as interpreted by the Supreme Court.

- Section 251(d)(2) does not permit the Commission to ignore the reality of the fact that competition will not be impaired if Class A carriers do not unbundle local transport based on the fact that some other carriers do not offer comparable special access services. If, on analysis, it appears that the impairment test for local transport is met in the case of carriers which do not offer special access service consistent with the Expanded Interconnection rules, the FCC's rules can reflect this fact. The fact that small carriers do not offer a particular service cannot be relevant in determining the unbundling obligations of large carriers which do offer the service in question. Moreover, all local exchange carriers offer special access and private line services, and the Commission's impairment analysis must also include recognition of this fact.
- The jurisdictional issue is also a non-issue. U S WEST offers both interstate and intrastate special access and private line services, as do practically all other local exchange carriers. In fact, today's special access services are often jurisdictionally mixed themselves, and are assigned to one jurisdiction or another based on the Commission's ten-percent rule. See MTS and WATS Market Structure, 4 FCC Rcd. 5660 (1989).
- But most significantly, both of these arguments are based on the erroneous assumption that the impairment analysis mandated by the Supreme Court would permit the FCC to refrain from a rational determination of whether competition would be impaired if an unbundled network were not made available if it can find any set of circumstances under which competition might be impaired anywhere in the country. If U S WEST offers special access services in such a manner that competition will not be impaired if U S WEST does not offer the same service or facilities as a UNE, the FCC cannot lawfully direct U S WEST to unbundle that network element.

ADDITIONAL FACTUAL CONSIDERATIONS FOR UNBUNDLED TRANSPORT

Two additional factual matters should be considered.

First, CLECs are demanding that unbundled transport and special access be treated as the identical service/facility. For example, attached hereto is a letter from MCI/Worldcom, dated June 10, 1999, making this specific claim. MCI/Worldcom contends:

> In a nut-shell, MCI WorldCom's view is that T1 connections used to provide local service should be priced as combined Unbundled Network Elements and existing circuits should be re-priced without physical work.

MCI/Worldcom made the same claim in a May 4, 1999 letter, also attached:

> First, all U S WEST services presently provides (sic) to MCIm in the states of Arizona, Colorado, Minnesota, Oregon and Washington that are used to provide customer connections for local service should immediately be repriced at the proper unbundled network element rates contained in our Interconnect Agreements. This would include all end user connections provided by U S WEST using the ACNA of WUA. Any future billing rendered to MCIm by U S WEST (sic). These connections should be at the proper rate for unbundled loops combined with unbundled transport, not at the special access channel termination and interoffice mileage rates from your access tariffs.

Frankly, in this situation, allowing MCI/Worldcom to use unbundled network elements to re-price existing special access service would be to simply flout the necessary and impair analysis mandated by the Supreme Court. As detailed in our other submissions, the existence of special access as a substitute for unbundled transport is a critical component of any rational impairment analysis. The fact that MCI/Worldcom is seeking nothing other than re-pricing of existing circuits is a determinative factor demonstrating, at least in this critical instance, that the impairment test has not been met.

Second, review of the U S WEST interstate special access tariffs further documents that the existence of these tariffs undercuts the argument that unbundled local transport can meet the impairment test of Section 251(d)(2) in many areas. Attached is a copy of a portion of Section 7 of U S WEST Tariff F.C.C. No, 5, dealing with private line transport service. It will be noted that the two primary and necessary elements of the service—channel terminations and transport channels—comprise the essential elements of unbundled local transport which MCI/Worldcom is trying to have repriced to reflect the lower TELRIC price set by the Commission.

The bottom line is that special access is a critical component of the impairment analysis for unbundled local transport. If special access is not in the calculations for local transport found in the next Local Competition Order, the likelihood that the Order will be lawful is slim.

SUB LOOP UNBUNDLING

- To U S WEST's knowledge none of the ILECs have had serious discussions with the staff in this proceeding regarding the implementation issues associated with sub loop unbundling. Nor has staff requested any information from the ILECs on the technical and economic feasibility of sub loop unbundling,

- U S WEST is conducting a study on the technical feasibility of sub loop unbundling and how it might be accomplished.

- U S WEST requests that if sub loop unbundling is ordered, that it be offered to competitors on a bona fide request basis. To retrofit every manhole, pedestal, cabinet, CEV (controlled environmental vault) to accommodate sub loop unbundling would cost hundreds of millions of dollars. Weighing that cost against the fact that competitors will not request sub loop unbundling at every possible location, a bona fide request process will be more efficient.

- In addition, the retrofitting involved will be different depending on the location of the unbundled sub loop. Coordination with the CLECs is necessary to ensure that sub loop unbundling is done properly.

DSL SERVICES AND ELECTRONICS

- It is impossible to make the necessary *factual* showing that the lack of unbundled access to incumbents' network electronics has actually impaired CLECs' ability to offer DSL-based services. The CLECs' own recent statements demonstrate just the opposite: that their DSL rollouts have been extremely successful *notwithstanding* the current lack of unbundling.

    - MCI WorldCom. On July 13, 1999, MCI WorldCom announced that it has deployed competitive DSL services in over 1,000 central offices, covering 850 cities in 22 metropolitan areas. The company reported that it is on track to deploy DSL in over 1,500 offices by year's end and 2,000 by the end of next year.

    - Covad. On August 18, 1999, Covad announced that it had completed its Phase One rollout of competitive DSL services to 51 MSAs in 22 regions of the country. Twenty days before, Covad announced it had installed its 20,000th DSL line.

    - Rhythms Netconnections. Two days ago, Rhythms announced that it was offering DSL services in its 23rd metropolitan market, and that it would reach 33 markets by year's end 1999 and 50 markets by year's end 2000.

    - Northpoint. On July 6, 1999, Northpoint reported that it was providing competitive DSL service in more than 700 cities in 24 metropolitan areas nationwide.

- This robust facilities-based competition in DSL services is not surprising. DSL electronics are inexpensive, available from many third-party vendors, and easily scalable. As MCI Worldcom conceded in its comments, DSLAMs are "not exorbitantly expensive; a CLEC can purchase off-the-shelf for about $8,000 to $20,000 a DSLAM capable of serving 200 to 300 lines." *Comments of MCI WorldCom, Inc.* at 50.

- Importantly, competition among DSL providers is extremely robust at both the wholesale and the retail levels. Covad, Rhythms, and Northpoint primarily offer wholesale DSL-based services to a broad group of ISPs and networking service providers, who in turn resell these services at retail. In San Francisco, for example, 44 companies resell Covad's DSL services to business customers, and 14 companies resell Covad's residential DSL services.

- The provision of identical or similar advanced services by the cable industry, especially the "giant AT&T" is also a critical consideration in evaluating whether competitors must rely on unbundled ILEC advanced services facilities.

- U S WEST's proposal regarding advanced services: An incumbent LEC shall not be required to provide unbundled access to facilities used solely in the provision of advanced services, including DSLAMS and packet switches.

PACKET AND ATM SWITCHING

- Incumbents do not use circuit switches and packet switches interchangeably, and an incumbent's packet switches are not simply "upgrades" of its circuit switches. A concern for maintaining "technological neutrality" should not obscure the fact that incumbents are employing circuit and packet switches in fundamentally different ways to provide fundamentally different services.

- Incumbents do not currently use packet switches in the PSTN *at all*. They do not use frame or ATM to provide any-to-any calling within a local exchange (telephone exchange service), nor do they use these elements to originate or terminate telephone toll service (*exchange* access).

- Incumbents are plainly not the dominant source for packet, frame, and ATM elements; on the contrary, the incumbents (especially the BOCs) are *latecomers* to the packet-switched market. ISPs and CLECs have deployed far more packet switches than incumbents, even in the absence of unbundling. *See UNE Fact Report* at I-33. Incumbents have a fraction of the market share for packet-switched services that the CLECs and IXCs do: IDC reports that AT&T, MCI WorldCom, and Sprint (together with acquisitions such as TCG and Compuserve) controlled 90 percent of the ATM market and 74 percent of the frame market last year, compared to the 8 percent (ATM) and 15 percent (frame) for the BOCs and GTE. *See Reply Comments of U S WEST, Inc.* at 59.

MCI WORLDCOM

Michael Beach
Vice President
West Telco/Line Cost Management

May 4, 1999

SENT VIA FAX AND U S MAIL

Beth Halvorson
Vice President, Wholesale Major Markets
U S WEST
200 S. 5th Street, Suite 2300
Minneapolis, MN 55402

Dear Beth:

On September 4, 1997 MCIm wrote requesting that U S WEST comply with our Interconnect Agreements with respect to the pricing of connections you provide between MCIm local service customers and the MCIm point of presence. Our Interconnect Agreements require that these connections be provided and priced as combined network elements. U S WEST refused at that time to do as MCIm requested and has continued to price these connections under the U S WEST access tariffs. Jasmin Espy of U S WEST wrote to MCIm, indicating that the U S WEST refusal was "Based on the 8th Circuit rehearing decision of October 14, 1997....."

On February 1, 1998, following the Supreme Court Order rejecting U S WEST's position and requiring, among other things, that U S WEST supply MCIm with combined network elements Tom Priday wrote asking for U S WEST's plans for complying with that Order. U S WEST's answer indicated that a response was premature as U S WEST had not yet completed its review of the Order.

More than sufficient time has elapsed to allow full U S WEST review of the Order. Thus, I am making the following requests of U S WEST.

First, all U S WEST services presently provides to MCIm in the states of Arizona, Colorado, Minnesota, Oregon and Washington that are used to provide customer connections for local service should immediately be re-priced at the proper unbundled network element rates contained in our Interconnect Agreements. This would include all end user connections provided by U S WEST using the ACNA of WUA. Any future billing rendered to MCIm by U S WEST. These connections should be at the proper rate for unbundled loops combined with unbundled transport, not at the special access channel termination and interoffice mileage rates from your access tariffs.

Second, U S WEST should provide credit to MCIm for the difference between the access tariff rate previously billed for these circuits and the proper unbundled network element rates, effective as of the date of our initial request, September 4, 1997. This should also

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Denver, CO 80202-3400
303 390 6272
Fax 303 390 6222

include credit for any circuits that were installed but subsequently disconnected during this prior period.

Finally, all new orders for customer connections submitted by MCIm using the WUA ACNA should also be priced by U S WEST at the correct rates for combined network elements contained in the Interconnect Contract.

I would appreciate your written confirmation within the next 10 days that these steps will be taken by U S WEST.

Western Alliance Telecom Services

Sincerely,

Michael A. Beach
Vice President
West Telco/Line Cost Management

Cc: Wayne Rebberger, MCIW
Paula Ricc, MCIW
Steve Gilstrap, USW
Gary Knudson, USW

MCI WORLDCOM

Wayne M. Rehberger
Vice President
Network Financial Management

June 10, 1999

John Kelly, President
Carrier Wholesale Markets
U S WEST
1801 California Street
Suite 5200
Denver, CO 80202

Dear John:

After reviewing the recent correspondence between Beth Halvorson and Michael Beach it's clear there remains fundamental disagreement over how our two companies support local business initiatives in light of recent court and PUC decisions. This debate has gone on now for over a year, and centers on the difference between the U S WEST and MCI WorldCom interpretation of service and pricing obligations related to combined Unbundled Network Elements. (I've attached the most recent correspondence for your convenience.)

In a nut-shell MCI WorldCom's view is that T1 connections used to provide local service should be priced as combined Unbundled Network Elements and existing circuits should be re-priced without physical work. U S WEST believes that these connections should be priced at access unless MCI WorldCom is physically involved in combining the individual elements. With these positions comes the legal rhetoric defending both views.

I am writing you to see if you believe there could be a resolution of this matter at the business table. From my perspective a solution to this issue might not be too different from the way in which we work cooperatively on access network reconfigurations.

Re-pricing, rather than re-engineering certainly means much less work for both companies. Making it easier and less costly for MCI WorldCom to do business with U S WEST certainly provides encouragement for us to remain on your network as we continue to grow. Other RBOCs and U S WEST have been able to work through issues similar to this to reach common ground in the past.

If you feel this approach makes sense please let me know when you could meet with Michael and me to finalize an approach. If you don't think this would be productive, let me know that as well. I don't want to waste your time, or mine.

Sincerely,

Wayne M. Rehberger

John Kelley
Received
JUN 10 1999

cc: Beth Halvorson
Michael Beach

8521 Leesburg Pike
Vienna, VA 22182
703 918 6002

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL (Cont'd)

7.1.2 RATE CATEGORIES

The four basic rate categories which apply to all Private Line Transport Service (except Extended Digital Service, SST and SONET Ring Service) are: (C)

- Channel Terminations (described in 7.1.2.A., following)
- Central Office Connecting Channels (described in 7.1.2.B., following)
- Transport Channels (described in 7.1.2.C., following)
- Optional Features and Functions-Includes Basic Service Elements (BSEs) (described in 7.1.2.D., following)

Rate categories for Extended Digital Service can be found in 7.4.12, following. Rate categories for Synchronous Service Transport can be found in 7.2.14, following. Rate categories for SONET Ring Service can be found in 7.2.15, following. (C) (C)

A. Channel Termination

The Channel Termination rate category provides for the communications path between customer designated premises or between a customer designated premises and the serving wire center of that premises. Included as part of the Channel Termination is a standard channel interface arrangement which defines the technical characteristics associated with the type of facilities to which the access service is to be connected at the Point of Termination (POT) and the type of signaling capability, if any. The signaling capability itself is provided as an optional feature as set forth in D., following. One Channel Termination charge applies per customer designated premises at which the channel is terminated. This charge will apply even if the customer designated premises and the serving wire center are collocated in the same building. For certain services, the Channel Termination may be derived from an existing service (i.e., Simultaneous Voice Data Service).

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL
7.1.2 RATE CATEGORIES (Cont'd)

B. Central Office Connecting Channels

The Central Office Connecting Channel rate category provides for connections within the same Hub wire center between the Private Line Transport Channel and other services provided by the Company (e.g., WATS Serving Office, two like services installed as two separate services or DS1 Service or DS3 Service connected to an Expanded Interconnection-Collocation (EIC) Channel Termination, EICT DS1 or EICT DS3). One Central Office Connecting Channel charge applies per connection made. (T)

C. Transport Channel

The Transport Channel rate category provides for the transmission facilities between the serving wire centers associated with two customer-designated premises, between a serving wire center associated with the customer-designated premises and a Company Hub or between two Company Hubs. The Transport Channel is portrayed in mileage bands. Two rates apply for each band, i.e., a flat rate per band and a rate per mile, except SONET Ring Service, which only has a flat rate per band.

D. Optional Features and Functions - Includes Basic Service Elements (BSEs)

Optional Features and Functions (include BSEs) rate category provides for optional features and functions which may be added to a Private Line Transport Service to improve its quality or utility to meet specific communications requirements. These are not necessarily identifiable with specific equipment, but rather represent the results in terms of performance characteristics which may be obtained. These characteristics may be obtained by using various combinations of equipment. Although the equipment necessary to perform a specified function may be installed at various locations along the path of the service, they will be charged for as a single rate element.

When a CO multiplexing optional feature is connected to an Expanded Interconnection - Collocation Service Channel Termination (EICT), the EICT replaces the requirement for a DDS, DS1 or DS3 Service Channel Termination.

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL

7.1.2 RATE CATEGORIES

D. Optional Features and Functions - Includes Basic Service Elements (BSEs) (Cont'd)

Examples of Optional Features and Functions that are available include, but are not limited to, the following:

- Signaling Capability
- Hubbing Functions
- Conditioning (BSE)
- Transfer Arrangements
- Secondary Channel (BSE)
- Command A Link (BSE)
- Clear Channel Capability (BSE)
- D.C. Line Power
- Central Office Multiplexing (BSE)
- Automatic Loop Transfer (BSE)
- Central Office Multiplexer to Multiplexer Connecting Arrangement

A Hub is a Telephone Company designated wire center at which bridging, multiplexing or other functions are performed. The bridging functions performed are to connect three or more customer designated premises or two customer designated premises and a C.O. connecting channel in a multipoint arrangement. The multiplexing functions are to channelize analog or digital facilities to individual services requiring a lower capacity or bandwidth. Connections to other services are made in the Hub locations in which that service feature is performed (e.g., WATS Serving Office). National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4 identifies wire centers, Hub locations and the type of functions available.

Descriptions for each of the available Optional Features and Functions are set forth in 7.2, following. (See 7.5 for service availability in each state.)

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL (Cont'd)

7.1.3 SERVICE CONFIGURATIONS

There are three types of service configurations over which Private Line Transport Services are provided: two-point service, multipoint service and hub connecting service.

A. Two-Point Service

A two-point service connects two customer designated premises, either on a directly connected basis or through a Hub where multiplexing functions are performed.

Applicable rate elements are:

- Channel Terminations, SRS On-Net CTs or SST CO Nodes (C)
- Transport Channels (as applicable)
- SST CO Ports (as applicable) (N)
- Optional Features and Functions (when applicable)
- Central Office Connecting Channels (when applicable)

In addition, a Private Line Transport Surcharge as set forth in 7.4.2, following, and a Message Station Equipment Recovery Charge as set forth in 7.4.3, following, may be applicable.

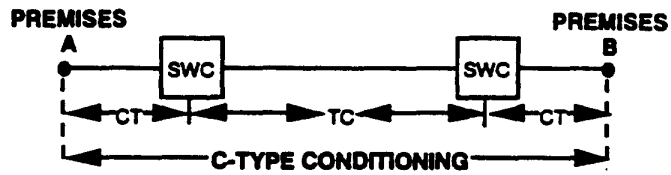
7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL

7.1.3 SERVICE CONFIGURATIONS

A. Two-Point Service (Cont'd)

The following diagram depicts a two-point Voice Grade service connecting two customer designated premises located 15 miles apart. The service is provided with C-Type Conditioning.



CT - Channel Termination
TC - Transport Channel
SWC - Serving Wire Center

Applicable rate elements are:

- Channel Terminations (2 applicable)
- Transport Channel (mileage band over 8 to 25 miles)
- C-Type Conditioning Optional Feature (2 applicable)

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL
7.1.3 SERVICE CONFIGURATIONS (Cont'd)

B. Multipoint Service

Multipoint service connects three or more customer designated premises through a Telephone Company Hub. There is no limitation on the number of mid-links available with multipoint service. However, when more than three mid-links are provided in tandem, the quality of the service may be degraded. A mid-link is a channel between Hubs (i.e., bridging locations). Only certain types of Private Line Transport Service are provided as multipoint service. These are so designated in the Service Descriptions set forth in 7.2, following.

Multipoint service utilizing a customized technical specifications package, as set forth in 7.2, following, will be provided when technically possible. If the Telephone Company determines that the requested characteristics for a multipoint service are not compatible, the customer will be advised and given the opportunity to change the order.

When ordering, the customer will specify the desired bridging Hub(s) selected from the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4. This Tariff identifies the type(s) of bridging functions which are available and the serving wire centers at which they are available.

Applicable Rate Elements are:

- Channel Terminations (one per customer designated premises)
- Transport Channel as applicable between each SWC associated with the designated customer premises and the Hub and between Hubs
- Bridging
- Additional Optional Features and Functions (when applicable)

7. PRIVATE LINE TRANSPORT SERVICE

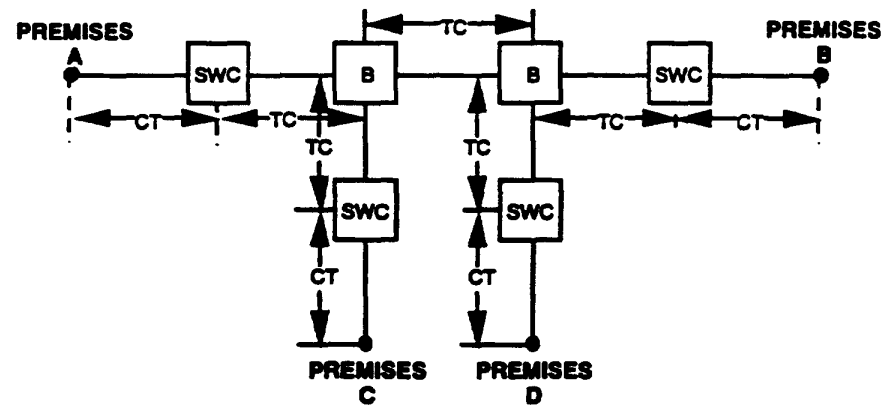
7.1 GENERAL

7.1.3 SERVICE CONFIGURATIONS

B. Multipoint Service (Cont'd)

In addition, the Private Line Transport Surcharge as set forth in 7.4.2, following, and a Message Station Equipment Recovery Charge as set forth in 7.4.3, following, may be applicable.

EXAMPLE: Voice Grade multipoint service connecting four customer premises via two customer specified bridging hubs.



CT - Channel Termination
TC - Transport Channel
B - Bridging
SWC - Serving Wire Center

Applicable rate elements are:

- Channel Terminations (4 applicable)
- Transport Channel (5 sections, each from appropriate mileage band)
- Bridging (6 applicable, i.e., each bridge port)

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL
7.1.3 SERVICE CONFIGURATIONS (Cont'd)

C. Hub Connecting Service

A Hub Connecting Service connects a customer designated premises to a Company Hub where it may be connected to a bridge, multiplexer or other service function. For example, one customer may use the Hub Connecting Service to access a multipoint service purchased by another customer (e.g., weather distribution service, broadcast audio network) or another service (e.g., WATS Access Service). (T)

Applicable rate elements are:

- Channel Termination, SRS On-Net CTs or SST CO Nodes (C)
- C.O. Connecting Channel (when applicable)
- SST CO Ports (as applicable) (N)
- Transport Channels (as applicable)
- Optional Features and Functions (when applicable)
- Bridging (when applicable)

Hub Connecting Service may also be utilized in conjunction with Switched Access Services (e.g., Feature Group D), to provide a dedicated connection to certain access services, such as WATS Access Service and Public Packet Switched Network (PPSN) service. A description of WATS Access Service is detailed in 6.3.1.T., and 6.3.1.U., preceding. PPSN is described in Section 8, following.

In addition, a Private Line Transport Surcharge, as set forth in 7.4.2, following, and a Message Station Recovery Charge as set forth in 7.4.3, following, may be applicable.

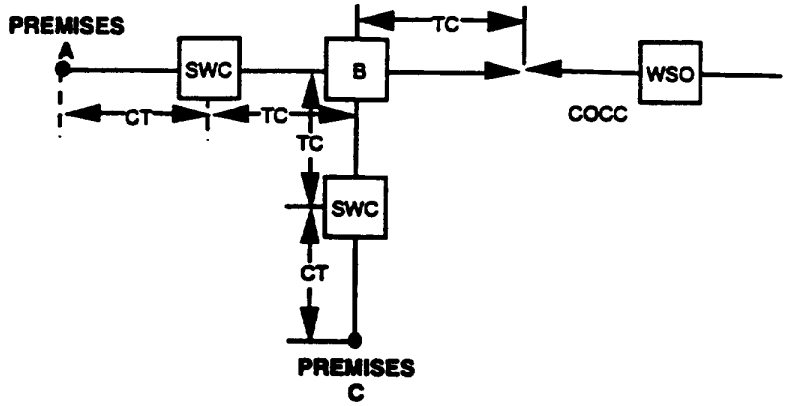
7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL

7.1.3 SERVICE CONFIGURATIONS

C. Hub Connecting Service (Cont'd)

EXAMPLE 1: Voice Grade multipoint service connecting two customer premises via a customer specified bridging Hub to a WATS Serving Office.

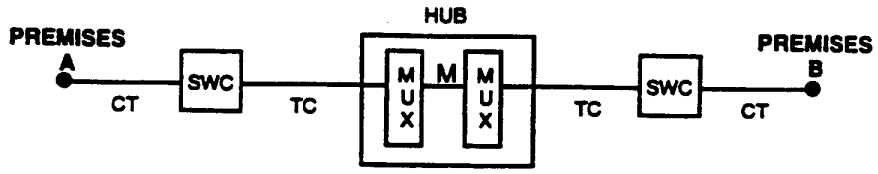


CT - Channel Termination
TC - Transport Channel
B - Bridging
SWC - Serving Wire Center
COCC - Central Office Connecting Channel (1 applicable)
WSO - WATS Serving Office

7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL
7.1.3 SERVICE CONFIGURATIONS
C. Hub Connecting Service (Cont'd)

EXAMPLE 2: DS1 Service connecting an individual channel of one multiplexer to an individual channel of another multiplexer via a Central Office Multiplexer to Multiplexer Connecting Arrangement.



CT - Channel Termination
TC - Transport Channel
HUB - Hub Wire Center
MUX - Multiplexer
M - Multiplexer to Multiplexer Connecting Arrangement
SWC - Serving Wire Center

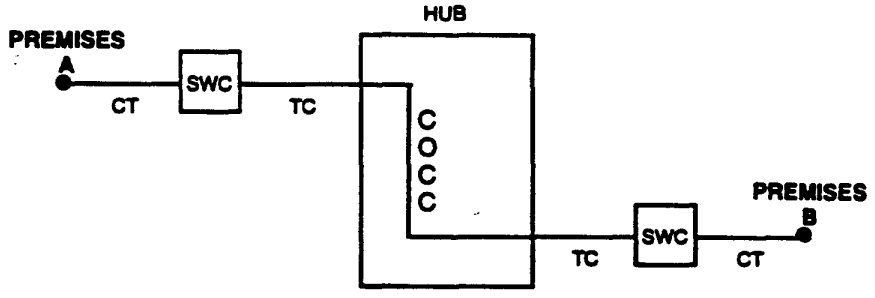
7. PRIVATE LINE TRANSPORT SERVICE

7.1 GENERAL

7.1.3 SERVICE CONFIGURATIONS

C. Hub Connecting Service (Cont'd)

EXAMPLE 3: DS1 Service connecting two like services installed as two separate services via a Central Office Connecting Channel.



CT - Channel Termination
TC - Transport Channel
HUB - Hub Wire Center
COCC - Central Office Connecting Arrangement
SWC - Serving Wire Center